NOVA SCOTIA
Department of Justice
Legal Services Division

PO Box 7
1690 Hollis Street, 6th Floor
Halifax NS B3J 2L6

Phone: (902) 424-6288
Fax: (902) 424-7120
E-mail: Stephen.mcgrath@novascotia.ca

Stephen T. McGrath
Team Lead

July 15, 2015

Via E-Mail: (doreen.friis@novascotia.ca)

Doreen Friis
Regulatory Affairs Officer/Clerk of the Board
Nova Scotia Utility and Review Board
3rd Floor, 1601 Lower Water Street
Halifax NS B3J 3S3

Dear Ms. Friis:

RE: M06733 – EfficiencyOne Application – Reply Submissions on behalf of the Nova Scotia Department of Energy

These submissions are made on behalf of the Nova Scotia Department of Energy in reply to closing submissions filed in the above-noted proceeding on July 8, 2015. These comments address, in particular, an issue raised by the Consumer Advocate in his closing submissions.

In the Consumer Advocate's submissions, he referenced what he described as a provincial "…'cap' of $35 million for the ongoing operation of a DSM program."[1] The Consumer Advocate further suggested that this was "consistent" with the DSM program proposed by EfficiencyOne in this proceeding and that it could be interpreted from this that the Province was "satisfied the cap was within the range of affordable".[2] The Consumer Advocate's comments are incomplete and potentially misleading.

To be clear, it is the Department of Energy's position that the proposed spending for DSM identified in the Terms of Consensus[3] is not affordable for the reasons set out in the Department's closing submissions dated July 8, 2015.

In respect of the $35 million figure referenced by the Consumer Advocate, this was the maximum amount that could be charged to Nova Scotia Power Incorporated's customers for electricity efficiency and conservation activities in 2015, as a transitional measure during the transformation of Efficiency Nova Scotia into an efficiency utility under the *Public Utilities* Act.[4] However, the

[1] Closing Submissions of the Consumer Advocate, page 2.
[2] Closing Submissions of the Consumer Advocate, page 2.
[3] Exhibit E-61, Item 2.
[4] *Public Utilities* Act, R.S.N.S. 1989, c. 380, s. s.79R(2).

Consumer Advocate failed to note that NSPI could only recover this amount over an 8 year period.[5] Recovered in this manner, these costs have virtually no impact on annual rates.

Unless the DSM settlement amount supported by the Consumer Advocate is amortized on the same basis as the transitional year expenditures were addressed in s.79R of the *Public Utilities Act*, that amount is in no way "consistent".

Yours truly,

for

Stephen T. McGrath

STM/lab

---

[5] *Public Utilities* Act, R.S.N.S. 1989, c. 380, s. s.79R(3).